

PNC INVESTMENTS, LLC
PROPRIETARY BANK DEPOSIT SWEEP
PROGRAM (BDSPSM)
DISCLOSURE DOCUMENT

Program Summary

This section highlights certain key features of the PNC Investments, LLC (“Broker/Dealer”, “PNCI”, “we”, “our” or “us”) Bank Deposit Sweep Program (the “Program” or “BDSP”). Please read the complete Disclosure Document before you decide to participate in the Program. You should consult PNCI or your Investment Representative for more information. All capitalized terms in this section are defined below in the Disclosure Document.

How the Program Works. The Program is a core account investment vehicle which, if either selected by default or affirmatively elected, will be used to hold your cash balance while awaiting reinvestment. The cash balance awaiting reinvestment in your eligible Brokerage Account(s) (as defined in the “Introduction” section below) will be automatically deposited or “swept” into interest-bearing FDIC insurance eligible Program deposit accounts (also referred to as Deposit Accounts, as defined in the “Introduction” section below) at PNC Bank N.A., an FDIC-insured financial institution (the “PNC Bank, “Program Bank” or “Bank”).

Consumer vs. Business Program. Depending on the type of beneficial owner of your Brokerage Account, you may be eligible for either the version of the Program that is offered to natural persons and non-profit entities (the “Consumer Program”), or the version of the Program that is offered to entities organized to make a profit such as corporations, limited liability companies, partnerships, limited liability partnerships, associations, business trusts, and other organizations (other than sole proprietorships which are not incorporated or in company form), (the “Business Program”). In order to be eligible for the Consumer Program, each beneficial owner of your Brokerage Account(s) must be a natural person or non-profit entity. Entities organized to make a profit, such as corporations, are generally eligible for the Business Program. Please refer to the “Program Eligibility” section below. Throughout this document, where disclosures refer to simply the Program or BDSP, such disclosures shall apply to both the Business Program and the Consumer Program.

Core Account Investment Vehicle Options. The Program is currently the only available core account investment vehicle for most accounts. If more than one core

account investment vehicle is available, it may also be the default option for eligible account holders who do not elect an alternative core account investment vehicle on their account application. Eligible account holders may elect the BDSP as their core account investment vehicle at any time. Other core account investment vehicle options may be available and may be requested by contacting your Investment Representative or the PNCI Investment Center at 1-800-622-7086. For more complete information about any of the money market mutual funds (“Money Funds”) may be available to use as your core account investment vehicle, including all charges and expenses, please contact your Investment Representative for a free prospectus.

FDIC and SIPC Coverage. Your Program Deposit (as defined in the “Introduction” section below) at the Program Bank will be eligible for FDIC insurance in the manner and to the extent more fully described herein. You need to review and understand how FDIC insurance will apply to your Program Deposits. Your cash balance is only eligible for FDIC insurance once it becomes a Program Deposit held by the Program Bank.

Your cash balance while held by NFS and/or PNCI is not FDIC insured, but is covered by the Securities Investor Protection Corporation (the “SIPC”). This includes amounts in the cash balances placed in your Brokerage Account that have not yet been received by PNC Bank or which have been swept from PNC Bank back to your Brokerage Account. SIPC currently protects these funds and securities up to \$500,000, including \$250,000 for claims for cash. Any securities held in your Brokerage Account including Money Funds (as opposed to a Program Deposit held by PNC Bank) are investment products, and as such: (i) are not insured by the FDIC; (ii) carry no bank or government guarantees; and (iii) are subject to investment risk, including loss of principal amount invested.

To the extent your deposits in PNC Bank exceed the applicable FDIC maximum coverage amount, **these excess funds are ineligible for FDIC insurance.** Program Deposits are not covered by SIPC.

Rates of Return. The interest rate for your Deposit Accounts (as defined in the “Introduction” section below) may be obtained from your Investment Representative or the PNCI Investment Center. Your interest rate is based upon your Program Deposits in accordance with the Interest Rate Tiers, and is determined by your Broker/Dealer, in conjunction with PNC Bank. In addition, if you are in the Business Program you may receive a lower rate of interest based on the number of days in which you have net withdrawals in your account per month, as described in greater detail herein.

Your Broker/Dealer or PNC Bank do not have a duty to offer the highest rates available or rates that are comparable to money market mutual funds. By comparison, money market mutual funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses. Over any given period, the interest rates on the Program Deposits may be lower than the rate of return on other core account investment vehicles which are non- FDIC insured or on bank account deposits offered outside the Program.

The Program should not be viewed as a long-term investment option. If you desire, as part of an investment strategy or otherwise, to maintain a cash position in your account for other than a short period of time and/or are seeking the highest yields currently available in the market for your cash balances, please contact your Investment Representative or the PNCI Investment Center at 1-800-622- 7086 to discuss other options that may be available outside of the Program that may be better suited to your goals.

Changes. Circumstances may require a change to your core account investment vehicle. You will receive notification at least 30 days in advance of changes to your core account investment vehicle. If other core account investment vehicles become available, you may initiate changes to your core account investment vehicle by contacting your Investment Representative directly or by contacting or the PNCI Investment Center at 1-800-622- 7086.

Duty to Monitor. You are responsible for monitoring the total amount of deposits (including certificates of deposit) that you have with PNC Bank in order to determine the extent of FDIC insurance coverage available to you. Depending on the amount of deposits that you have at PNC Bank apart from your Program Deposits, you may wish to contact an investment representative at PNCI for other investment options.

Benefits to your Broker/Dealer and Others. The Program creates financial benefits for us, our affiliates (one of whom is the PNC Bank) and NFS. We will receive a fee from the PNC Bank in connection with the Program. We will also pay a fee to NFS. The revenue generated by us may be greater than revenues generated by sweep options at other brokerage firms, and may be greater than other core account investment vehicles available to you (if any) or possible core account investment vehicles that we have used in the past or may consider using in the future.

Contact Information. For additional information regarding the Program, contact your Investment Representative or the PNCI Investment Center at 1-800-622-7086.

I. INTRODUCTION

PNC Investments, LLC (referred to in this Document as “Broker/Dealer”, “PNCI”, “we”, “our” or “us”) in conjunction with National Financial Services LLC (“NFS”) offers the Proprietary Bank Deposit Sweep Program as a core account investment vehicle for available cash balances in your eligible Brokerage Account. The terms “account owner,” “you” and “your” refer to the owner indicated on the account application. For joint accounts, these terms refer to all owners, collectively and individually. For trust accounts, these terms refer both to the entity and to all account owners. For corporate accounts these terms refer to the corporate entity. If you elect or are defaulted into the Program, available cash in your Brokerage Account will be deposited through the Bank Deposit Sweep Program into deposit accounts at PNC Bank (the “Bank” or “Program Bank”). New accounts may choose to participate in the Proprietary Bank Deposit Sweep Program or may select one of the additional sweep options, if available. If you are eligible for the Program and you do not elect a core account investment vehicle on your account application, the Program will be the default core account investment vehicle for your Brokerage Account.

As more fully described in this Disclosure Document, your Brokerage Account with us is generally protected, up to applicable limits, by the Securities Investor Protection Corporation (the “SIPC”). At the time funds are deposited with the Program Bank through the Program, your investment in the Program is eligible, subject to the limitations described in this Disclosure Document, to be insured, up to applicable limits, by the Federal Deposit Insurance Corporation (the “FDIC”).

Funds in the Deposit Accounts at the Program Bank are generally eligible for deposit insurance by the FDIC up to a total of \$250,000 principal and accrued interest per depositor in most insurable capacities (e.g., individual, joint, etc.) when aggregated with all other deposits including bank accounts, certificates of deposit (“CDs”) and deposits held through other brokers, held in the same insurable capacity at the Program Bank. For example, funds in the Deposit Accounts at the Program Bank held by an individual are insured up to \$250,000, and funds in the Deposit Accounts at the Program Bank held jointly by two individuals are insured up to \$250,000 per joint owner, up to a maximum of \$500,000 total. For IRAs and certain other self-directed retirement accounts, funds in the Deposit Accounts at the Program Bank are eligible for deposit insurance up to \$250,000 principal and accrued interest per depositor in the aggregate. Funds deposited in Deposit Accounts are not eligible for coverage by the SIPC.

Any deposits (including certificates of deposit) that you maintain in the same capacity directly with the Program Bank, or through an

intermediary (such as us or another broker), will be aggregated with deposits in your Deposit Accounts at the Program Bank for purposes of the Maximum Applicable FDIC Deposit Insurance Amount. You are responsible for monitoring the total amount of deposits that you have with the Program Bank in order to determine the extent of FDIC deposit insurance coverage available to you. You should review carefully the section of the Disclosure Document titled “FDIC/SIPC Coverage”.

In the rare instances where we are unable to place your funds at the Program Bank within the Program, your funds will be invested in a money market mutual fund selected by us. For more complete information about any Money Fund, including all charges and expenses, please contact your Investment Representative for a free prospectus. Read the prospectus carefully before you invest or send money. You may obtain information with respect to current yields available on Money Funds by contacting your investment representative.

Each Deposit Account constitutes a direct obligation of the Program Bank and is not directly or indirectly an obligation of us or NFS. Neither we nor NFS guarantee in any way the financial condition of the Program Bank or the accuracy of any publicly available financial information concerning such Bank. You can obtain publicly available financial information concerning the Program Bank at www.ffiec.gov/nic or by contacting the FDIC Public Information Center by mail at L. William Seidman Center, Virginia Square, 3501 North Fairfax Drive, Arlington, Virginia 22226 or by phone at 703-562-2200.

You will not have a direct account relationship with the Program Bank. NFS, as your agent and custodian, will establish the Deposit Accounts for you at the Program Bank and make deposits to and withdrawals from the Deposit Accounts. We will receive a fee from the Program Bank. The amount of the fee paid to us will affect the interest rate paid on the Deposit Accounts. You should review carefully the section of the Disclosure Document titled “Information About Your Relationship with your Broker/Dealer and the Program Bank.”

As discussed herein, interest rates on the Deposit Accounts will be tiered and will vary based upon prevailing economic and business conditions. The Program Bank does not have a duty to offer the highest rates available or rates that are comparable to Money Funds. By comparison, Money Funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses. In addition, if you participate in the Business Program, your funds will not earn interest while they are held in the DDA component of your Deposit Account,

The information in this Disclosure Document applies, unless otherwise indicated, to each eligible Brokerage Account for which you are an owner, whether as a corporation, an individual, joint tenant, trustee, executor, custodian or in any other capacity.

Only Brokerage Accounts that are enrolled in the Program will be subject to the information discussed in this Disclosure Document. Please note that depending on the type of ownership of your Brokerage Account, you may be eligible for either the version of Program that is offered to natural persons and non-profit entities (the "Consumer Program"), or the version of the Program that is offered to corporations, limited liability companies, partnerships, limited liability partnerships, associations, business trusts, and other organizations (other than sole proprietorships which are not incorporated or in company form) (the "Business Program"). Throughout this document, where disclosures refer to simply the Program or BDSP, such disclosures shall apply to both the Business Program and the Consumer Program.

Core account investment vehicle options and Rates of Return

Currently, BDSP is the only available core account investment vehicle available for most Brokerage Accounts. We may elect to offer one or more Money Funds available through our sweep program as a core account investment vehicle. For more complete information about core account investment vehicles that are available to use as your sweep option, including all charges and expenses, please contact your Investment Representative or the PNCI Investment Center at 1-800- 622-7086 for a free prospectus and/or disclosure document .

The annual percentage yield on the Deposit Accounts will vary from time to time. The interest rates of the Consumer Program and the Business Programs will vary and each rate may be higher or lower than the other at any time. In addition, if you participate in the Business Program, your funds will not earn interest while they are held in the DDA component of your Deposit Account. You should review carefully the section of the Disclosure Document titled "Interest"

Access to Funds in the Deposit Accounts

As required by federal banking regulations, the Program Bank has reserved the right to require seven (7) calendar days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, and there is not a bank failure that would require FDIC intervention, your ability to access funds, including the ability to write checks against your account, should not be impacted. Your interest in a Deposit Account is not transferable. Notwithstanding the foregoing, you will remain obligated for all obligations arising from your account, including, but not limited to,

margin balances, settlement of transactions, checks, and wires.

Tax Information

For most clients, with non-retirement account types, interest earned from the Deposit Accounts will be taxed as ordinary income in the year it is received. For clients in the Consumer Program, a Form 1099 will be sent to you by NFS each year showing the amount of interest income you have earned on deposits in your Deposit Accounts. You should consult with your tax adviser about how the Bank Deposit Sweep Program affects you.

II. DETAILS

Your brokerage account held with us and NFS (“Brokerage Account”) has a core account that is used for settling securities transactions and holding credit balances. We may provide you with access to a variety of different cash sweep vehicles, including money market funds and bank deposit accounts (each a “core account investment vehicle”), that may be used to hold a cash balance that is awaiting reinvestment. BDSP is the default core account investment vehicle if you are eligible for the Program and you do not elect an alternative core account investment vehicle on your account application, if available.

This Disclosure Document contains key information about the Program which is offered by us in conjunction with NFS, a New York Stock Exchange (“NYSE”) member who we have engaged to provide custody and clearing services to us. The terms “account owner,” “you” and “your” refer to the owner indicated on the account application. For joint accounts, these terms refer to all owners, collectively and individually. For trust accounts, these terms refer both to the entity and to all account owners. Additional terms, conditions, and disclosures applicable to your account held with us are included in other documents, including your account application, account agreement, and applicable privacy notice (“Other Agreements”) and are hereby incorporated by reference into this Disclosure Document. In the event of a conflict between the terms of this Disclosure Document and the Other Agreements, the Disclosure Document will control. Please review these Other Agreements for important information governing your Brokerage Account.

A. Program Eligibility- Consumer vs. Business Program

Whether you are eligible for the Consumer Program or the Business Program is based on your account type and the ownership of your Brokerage Account. In order to be eligible for the Consumer Program, each beneficial owner of your Brokerage Account (including any beneficiary of a trust account) must be a natural person (each such beneficial owner and beneficiary, an “Eligible Person”). Eligibility is subject to the limitations described herein and as determined by us and NFS. The Consumer Program is available

to Eligible Persons, acting for themselves or through an agent or fiduciary, whether having a single account, or joint account, (so long as all beneficial owners are natural persons), and trust accounts (so long as all beneficial owners and beneficiaries of the trust accounts are natural persons), and sole proprietorships (so long as they are not incorporated or in company form). Certain individual retirement accounts are also eligible for the Consumer Program if each beneficial owner is an Eligible Person. In addition, certain tax-exempt non-profit organizations may be eligible for the Consumer Program. Brokerage Accounts beneficially owned by entities organized to make a profit, such as corporations, limited liability companies, partnerships, limited liability partnerships, associations, business trusts, and other organizations (other than sole proprietorships which are not incorporated or in company form) are not eligible for the Consumer Program, but instead may be eligible for the Business Program. If you are in the Business Program the interest that your account receives will be reduced if you have more than six days of net withdrawals per month, as your account will not receive additional interest for the remainder of that month.

To the extent that you participate in the Consumer Program and change any beneficial owner or beneficiary on your Brokerage Account, you are responsible for determining whether each beneficial owner or beneficiary of your Brokerage Account continues to qualify as an Eligible Person. If we or NFS determine that your Brokerage Account is not eligible for the Consumer Program or the Consumer Program eligibility requirements change, we may change your core account investment vehicle, as that term is defined in Brokerage Account documentation, or any amendments thereto, including but not limited to the Customer Agreement, from the Consumer Program to either the Business Program if applicable or to an alternative core account investment vehicle made available by us and NFS, which may not be an FDIC-insured investment.

B. How the Program Works

Sweep to the Program Bank

Through the Program, cash balances in your Brokerage Account (resulting from sales of securities, deposits, dividend and interest payments and other activities) will be automatically deposited or “swept” into interest-bearing FDIC-Insurance eligible Program deposit accounts (“Deposit Account”) at PNC Bank, an FDIC- insured depository institution which shall be referred to as the “Program Bank”. Once your cash balance has been swept to the Program Bank, it is referred to as your “Program Deposit.” Please note that your ability to access the money held at the Program Bank may be limited, as more fully described herein.

Funds swept into a Deposit Account at the Program Bank in excess of the Maximum Applicable FDIC Deposit Insurance Amount will not be eligible for FDIC insurance above the Maximum Applicable FDIC Deposit Insurance Amount.

You are responsible for monitoring the total amount and insurable capacity of deposits (including certificates of deposit) both as part of and outside of the Program that you have at the Program Bank for the purpose of determining the FDIC insurance coverage for those deposits.

Program Limitations

The amount of your cash balance that is swept into a Deposit Account may need to be limited if the Program Bank stops accepting deposits, becomes ineligible for the Program as described in this Disclosure Document, or for other exceptional circumstances. You will generally receive notification in advance of the Program Bank being removed from the Program. Please consult the following sections for further important information, as such action may affect the amount of your cash balance that is covered by FDIC insurance.

C. FDIC Insurance Coverage in General

The Deposit Accounts (including principal and accrued interest) are insured by the FDIC, an independent agency of the U.S. Government, to the Maximum Applicable Deposit Insurance Amount for all deposits held in the same insurable capacity at the Program Bank. Your funds become eligible for deposit insurance immediately upon placement into a Deposit Account at the Program Bank. Generally, any accounts or deposits (including CDs) that you may maintain directly with the Program Bank, or through any other intermediary, in the same insurable capacity in which the Deposit Accounts are maintained would be aggregated with the Deposit Accounts for purposes of the Maximum Applicable FDIC Deposit Insurance Amount.

You are responsible for monitoring the total amount of deposits (including certificates of deposit) that you hold with the Program Bank, directly or through an intermediary (for example through a retirement plan), in order to determine the extent of deposit insurance coverage available to you on your deposits, including the Deposit Accounts. We and NFS are not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits.

See “FDIC /SIPC Coverage” below for more detailed information on insurance coverage of Deposit Accounts and Brokerage Accounts.

D. Alternatives to the Program

If you wish to specify a different core account investment vehicle, if available for your account type, you may do so at any time by contacting us. Existing balances in your prior core account investment vehicle will be automatically transferred to the new core account investment vehicle you select.

III. PROGRAM BANK

A. General Information About the Program Bank

Your funds will be deposited in accordance with the terms and conditions in this Disclosure Document. **To the extent your deposits exceed the Maximum Applicable FDIC Deposit Insurance Amount, these excess funds are ineligible for FDIC insurance.** You are responsible for monitoring the total amount of deposits that you have at the Program Bank for purposes of reviewing deposits which may be eligible for insurance by the FDIC. We and NFS do not have any duty to monitor the core account investment vehicle for your account or make recommendations about, or changes to, the Program that might be beneficial to you.

Deposits at the Program Bank are eligible for FDIC insurance coverage, except for amounts deposited in excess of the Maximum Applicable FDIC Deposit Insurance Amount which will not be insured by the FDIC. The amount of FDIC insurance in the Program Bank may be limited pursuant to the limitations explained in this Disclosure Document. In any event, all deposits in the Program are subject to all applicable FDIC qualification requirements and to the Program limitations described in this Disclosure Document.

B. Deposit Accounts – (Consumer Program and Business Program)

For customers of the Consumer Program: Your Program Deposits will be deposited in two linked bank accounts at the Program Bank: (1) an interest-bearing savings deposit account (commonly referred to as a Money Market Deposit Account or “MMDA” account) and (2) an interest-bearing transaction account (commonly referred to as a Negotiable Order of Withdrawal or “NOW” account). You will receive the same interest rate on the funds in your MMDA account and in your NOW account at the Program Bank. Your Brokerage Account statement will reflect the combined balances of the MMDA account and the NOW account at the Program Bank.

For customers of the Business Program: Your Business Program Deposits will be deposited in two linked bank accounts at the Program Bank: (1) an interest-bearing savings deposit account (commonly referred to as a Money Market Deposit Account or “MMDA” account) and (2) a non-

interest-bearing demand deposit account (commonly referred to as a “DDA” account). You will not receive any interest for any funds that are placed into the DDA account at the Program Bank. Your Brokerage Account statement will reflect the combined balances of the MMDA account and the DDA account at the Program Bank.

Your Program Deposits will be deposited at the Program bank into a NOW account and an MMDA account maintained by NFS for your benefit and the benefit of other customers of your Broker/Dealer and/or NFS that participate in the Program. A portion of your Program Deposit will be allocated to the NOW account, and a portion of your Program Deposit will be allocated to the MMDA account as described herein. If you are participating in the Business Program, any funds that are placed in the DDA account will not receive interest.

Available cash balances are deposited in your MMDA account at the Bank as set forth above. From time to time, part of such deposits may be transferred to your NOW or DDA account to establish and/or maintain a threshold amount which may differ among customers. All withdrawals will be made from the NOW / DDA account at the Program Bank. As necessary to satisfy debits in your Brokerage Account (securities purchases, checking, debit card, etc.), funds will automatically be transferred from the MMDA account to the related NOW / DDA account at the Program Bank. If you are participating in the Business Program, any funds that are placed in the DDA account will not receive interest.

If there are insufficient funds in the Deposit Accounts to satisfy a debit, NFS will withdraw funds from other available sources as described in this Disclosure Document or in your account opening paperwork.

Federal banking regulations limit the number of days in which you can have net withdrawals from an MMDA account to a total of six (6) during a monthly statement cycle. At any point during a month in which transfers from an MMDA account at the Program Bank have reached the applicable limit, all funds will be transferred from that MMDA account to the linked NOW account for consumer accounts or DDA account for business accounts at the Bank. For the remainder of the month, all deposits for that Bank will be made to the NOW / DDA account. If you are participating in the Business Program, any funds that are placed in the DDA account will not receive interest. At the beginning of the next month, an amount of funds on deposit in the NOW / DDA account less any applicable threshold amount will be automatically transferred back to the MMDA account. Due to the linking of the NOW / DDA and MMDA accounts as described above, the federal banking limits on MMDA account transfers will not effectively limit the number of withdrawals you can make from funds on deposit at a Program

Bank.

The cash balance in your Brokerage Account will be automatically swept from your Brokerage Account into your Deposit Account on the business day following the day your Brokerage Account reflects a cash balance. For purposes of this Program, business day generally means a day on which the Program Bank is open for business. Available cash balances will not begin to earn interest or be eligible for FDIC insurance until swept into the Deposit Account(s) at the Program Bank. **As stated above, to the extent your deposits outside of the Program in combination with Program Deposits exceed the Maximum Applicable FDIC Deposit Insurance Amount at the Program Bank the amounts above such limits will NOT be eligible for FDIC insurance protection. Deposits at Program Banks are not eligible for SIPC coverage.**

Although your funds generally will be deposited in Deposit Accounts at the Program Bank, the Program Bank may be unable to accept your funds on a particular day or the Program Bank may be removed from the Program and not replaced. You should also regularly check www.pnc.com for changes to the Program.

C. Withdrawals – Access to Your Program Deposits

When funds are needed to cover transactions in your Brokerage Account, we will use on the same day the debit is applied, the following sources, in the order listed, to satisfy the debit: (i) available cash balances, including money added to your Brokerage Account (such as checks, interest, or transaction proceeds) and not yet moved to a Deposit Account; (ii) Program Deposits; and (iii) if you have a margin account, any margin credit available.

If a withdrawal of funds from your Deposit Accounts is necessary to satisfy a debit, funds will be withdrawn from your NOW / DDA account at the Bank. If you are participating in the Business Program, any funds that are placed in the DDA account will not receive interest.

Withdrawals from your Deposit Account will normally be made on the business day following transactions in your Brokerage Account; however, your Brokerage Account is credited on the day of the debit. This process might result in you having an obligation to make us or NFS whole for the sum of the debits in your Brokerage Account if there is a problem withdrawing funds from your Deposit Account or you otherwise fail to sufficiently fund your Brokerage Account for the full amount of your daily debits. ***Please review your brokerage account agreement for important information regarding your unsatisfied obligations owed to us and/or NFS.***

You may access your Program Deposits only through your Brokerage Account. You cannot access or withdraw the Program Deposits by contacting the Program Bank directly.

NFS will automatically withdraw funds from the Deposit Account (up to the amount of your Program Deposit) back to your Brokerage Account in order to satisfy any obligation you have to us or NFS or to settle a securities transaction or other debit transaction (including, but not limited to, checks, wires, debit card purchases or margin balances) in any account you have with us or NFS. Your Program Deposit is also subject to legal process such as a levy or a garnishment delivered to us or NFS to the same extent as if those funds were in your Brokerage Account.

As required by federal banking regulations, the Program Bank has reserved the right to require seven (7) calendar days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, and there is not a bank failure that would require FDIC intervention, your ability to access funds, including the ability to write checks against your account, should not be impacted. Your interest in a Deposit Account is not transferable. Notwithstanding the foregoing, you will remain obligated for all obligations arising from your account, including, but not limited to, margin balances, settlement of transactions, checks, wires, and debit card purchases.

IV. INTEREST

A. Interest Rates

The interest rate for your Deposit Account may be obtained from your Broker/Dealer, Investment Representative or at www.pnc.com. Interest on your Program Deposit is accrued daily, compounded monthly and is reflected on your Brokerage Account statement as of the last business day of the statement period. Interest on your Program Deposit begins to accrue on the business day those funds are received by the Program Bank, which will typically be the business day following the day your Brokerage Account reflects a cash balance. Generally, interest will accrue to Deposit Account balances through the business day preceding the date of withdrawal from your Deposit Accounts at the Program Bank (which will typically be the day on which a withdrawal of funds is made from your Brokerage Account). Non-business days occurring between Brokerage Account withdrawal and Deposit Account withdrawal and deposit with the Program Bank will be included in the interest accrual.

Your interest rate is based upon your Program Deposits and is determined by your Broker/Dealer in conjunction with PNC Bank. The rate of interest paid is tiered based on the value of your Program Deposits (“Eligible Assets”). Eligible Assets are currently evaluated on a daily basis. Interest rates,

evaluation period and Eligible Assets may change at any time and may be based on a number of factors including general economic, market and business conditions. Amounts in the DDA accounts used in the Business Program do not pay interest. The interest rates of the Consumer Program and the Business Programs will vary and each rate may be higher or lower than the other at any time.

Customers with Eligible Assets of a greater value generally may receive higher interest rates on their Program Deposits than customers with Eligible Assets of a lower value. Interest on your Program Deposit will be paid by the Program Bank.

Over any given period, the interest rates on the Program Deposits may be lower than the rate of return on other core account investment vehicles which are non- FDIC insured or on bank account deposits offered outside of the Program. The Program Bank does not have a duty to offer the highest rates available or rates that are comparable to Money Funds. By comparison, Money Funds generally seek to achieve the highest rate of return consistent with their investment objectives, which can be found in their prospectuses. The Program should not be viewed as a long-term investment option. If you desire, as part of an investment strategy or otherwise, to maintain a cash position in your account for other than a short period of time and/or are seeking the highest yields currently available in the market for your cash balances, please contact your Investment Representative to discuss investment options that may be available outside of the Program that may be better suited to your goals.

You should compare the terms, interest rates, required minimum amounts, and other features of the Program with other accounts and alternative investments.

B. Interest Credited to Your Deposit Account

While interest will generally be credited to your Deposit Account at month-end, intra-month interest credits to your Deposit Account may occur. Intra-month interest credits may occur in the following instances: (i) where you close your account intra-month, (ii) where you make the Program Bank ineligible to receive deposits intra-month or (iii) where there has been a change to the Program Bank intra-month. Intra-month interest credits will appear on your brokerage statement to reflect interest accrued at the Program Bank through such intra- month event. Adjustments made to your Brokerage Account which can be caused by transactions entered for a prior date (e.g., a fee reimbursement or a debit adjustment) may result in an interest credit or debit to your Deposit Account. The interest rate used to credit or debit adjustments may not be made at the current rate, but should reflect interest rates applicable at the time of the event. Interest rates applied to credit adjustments are not expected to be lower but, depending upon the interest

rate tiering schedule, could be less than those applied to your balances on the day in which the credit adjustment is made. Interest amounts on adjustments are rounded to the penny and for interest amounts of less than half a cent you will receive no interest and you also will not be debited.

V. CHANGES

A. Limitations on Deposits

The amount of your Cash Balance that is swept into a Deposit Account may need to be limited if the Program Bank cannot accept deposits due to exceptional circumstances. In such event, funds not swept into a Program Deposit Account will be invested in the core account investment vehicle chosen by us. If advance notice is not practical due to the circumstances, you will be notified as soon as is reasonably practical.

B. Changes to Your Core Account Investment Vehicle

From time to time, circumstances, such as described in this Disclosure Document, may require that we or NFS modify the Program, which may result in changing the core account investment vehicle for your Brokerage Account. Before we make any change, you will receive notification at least 30 days in advance of any such change. Unless you object within the time period specified, we will transfer the balances from your Deposit Account into a new core account investment vehicle. If you object to the core account investment vehicle that we select, or, if at any time the Program does not meet your needs, including, but not limited to, due to any change in the Program, your Investment Representative can assist you in finding an alternative core account investment vehicle, if available, or in transferring your account to another provider or another program.

If we need to change your core account investment vehicle under the circumstances set forth in this Disclosure Document, or for other circumstances as may be necessary, the core account investment vehicle that we choose for you may receive a lower effective rate of return than is available on funds swept into a Deposit Account. We will attempt to select an alternative core account investment vehicle for you that provides a rate of return that is equal to or better than the rate of return you were receiving on your Program Deposit. We, however, cannot guarantee any rate of return, including a return that is equal to or greater than your current return.

C. Notices

All notices described in this Disclosure Document may be made by means of

a letter or by electronic notification as permitted by law.

VI. ACCOUNT INFORMATION

A. Statements and Confirmations

The statement for your Brokerage Account will: (i) indicate your beginning and ending Deposit at the Program Bank as of the last business day of each monthly statement period (except if your Brokerage Account was established on the last business day of a month, your statement will not include a Bank Deposit Sweep Detail section); (ii) detail sweeps to and from the Program Deposit Account during the statement period; and (iii) reflect interest credited to your Brokerage Account. This information is provided in lieu of separate confirmations for each sweep to and from a Program Deposit Account during the statement period. Transfers between your MMDA accounts and NOW / DDA accounts will not be reflected in your Brokerage Account statements.

Because you are responsible for monitoring the total amount of your deposits at the Program Bank (including any Program Deposit held at the Program Bank and all deposits you may make at the Program Bank outside the Program, including other bank accounts, CDs or other amounts deposited through an intermediary), in order to determine the extent of FDIC insurance coverage available, you should carefully review your statements to determine any impact on your deposit insurance coverage.

B. Tax Information

For most clients, with non-retirement account types, interest earned on deposits in the Deposit Accounts will be taxed as ordinary income in the year it is received. In those cases, a Form 1099 will be sent to you by NFS each year showing the amount of aggregate interest income you have earned on deposits in your Deposit Accounts. You should consult with your tax advisor about how the Program affects you.

VII. INFORMATION ABOUT YOUR RELATIONSHIP WITH YOUR BROKER/DEALER AND THE PROGRAM BANK

A. Relationship with your Broker/Dealer and the Program Bank

As your agent, NFS is establishing the Deposit Accounts at the Program Bank, depositing funds into the Deposit Accounts, withdrawing funds from Deposit Accounts and transferring funds between Deposit Accounts. Deposit Account ownership will be evidenced by a book entry on the account records of the Program Bank showing the Deposit Account as an agency

account held by NFS for the benefit of you and other customers and by records maintained by NFS as your agent and custodian. No evidence of ownership, such as a passbook or certificate, will be issued to you. Your Brokerage Account statements will reflect the balances in your Deposit Accounts at the Program Bank. You should retain the Brokerage Account statements for your records. Once established on your behalf, the Deposit Accounts are obligations solely of the Program Bank and not your Broker/Dealer, NFS or any other entity. You may at any time obtain information about your Deposit Accounts by contacting your Investment Representative.

If either you or we terminate your use of the Program as a core account investment vehicle or the Program Bank ceases to participate in the Program, you may establish a direct depository relationship with the Program Bank, subject to its rules with respect to maintaining Deposit Accounts.

ESTABLISHING THE DEPOSIT ACCOUNT DIRECTLY IN YOUR NAME AT THE PROGRAM BANK WILL SEPARATE THE DEPOSIT ACCOUNTS FROM YOUR BROKERAGE ACCOUNT. IF YOU ESTABLISH A DIRECT DEPOSITORY RELATIONSHIP WITH THE PROGRAM BANK, THE DEPOSIT ACCOUNTS WILL NO LONGER BE REFLECTED IN YOUR BROKERAGE ACCOUNT STATEMENT AND WE WILL HAVE NO FURTHER RESPONSIBILITY CONCERNING THE DEPOSIT ACCOUNTS.

B. Benefits to Your Broker/Dealer and Others

The Program will create financial benefits for us and the Program Bank (our affiliate), and NFS. This is a conflict of interest for us because the income received by PNC Bank and us is expected to exceed the income we would receive if a money market fund was used as a core investment vehicle. We will receive fees equal to a percentage of all participants' average daily deposits at the Program Bank. Amounts will vary depending on market conditions, but will range between 1.5% and 3%. In our discretion, we may reduce our fee and may vary the amount of the reductions between clients. The amount of fee received will affect the interest rate paid by the Bank on your Deposit Accounts. While we do not currently do so, we reserve the right to pay a portion of these fees to your Investment Representative. We will pay a portion of the fee we receive to NFS. We reserve the right to modify the fees we receive from the Program Bank. In addition to our fee, other service providers with respect to the Program will receive fees from the Bank or from us (collectively, with the fees paid to us and/or NFS, "Program Fees").

In addition to the Program Fees referenced above, your Brokerage Account generally may be charged additional fees that apply to brokerage and

securities accounts maintained by us.

Applicable law governing retirement accounts, such as qualified plans under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and individual retirement accounts under the Internal Revenue Code, necessitates that interest rates paid by the Program Bank for deposits in the Deposit Accounts, our fee, and other service fees were negotiated at arm’s length, are believed to be fair and reasonable, and are designed to approximate value for the services involved and in the context of customers’ Eligible Assets.

The Program Bank uses Program Deposits to fund current and new lending and for investment activities. The Program Bank earns net income from the difference between the interest they pay on Program Deposits and the fees paid to us and the income they earn on loans, investments and other assets. As noted above, the Program Bank may pay rates of interest on Program Deposits that are lower than prevailing market interest rates that may have been paid on accounts otherwise opened directly with such Program Bank. The Program Bank does not have a duty to provide the highest rates available and may instead seek to pay a low rate. Lower rates may be more financially beneficial to the Program Bank. There is no necessary linkage between bank rates of interest and the highest rates available in the market, including any Money Fund rates. By comparison, a Money Fund generally seeks to achieve the highest rate of return (less fees and expenses) consistent with the fund’s investment objective, which can be found in the fund’s prospectus.

The revenue generated by us may be greater than revenues generated by sweep options at other brokerage firms, and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles that we have used in the past or may consider using in the future. In addition, we will make compensation payments to NFS, our clearing agent, for record keeping and other services with respect to the Program, which will be no more than 70 basis points. NFS may receive more revenue with respect to amounts in the Program than with respect to other sweep products.

As a result of the fees and benefits described above, the Program may be significantly more profitable to us than other available sweep options, if any. We and/or NFS may also benefit from the possession and temporary investment of cash balances prior to the deposit of such balances in the Program.

C. Sharing of Your Information with the Program Bank

NFS may provide the Program Bank with information related to the Customers and any individual authorized by a Customer to trade in his/her Brokerage Account used in the Bank Deposit Sweep Program (“Authorized Individual”) pursuant to agreement between NFS and the Program Bank. If provided, the information could consist of the name, address (including city, state, postal code, and, if applicable, foreign country), date of birth, either social security number or taxpayer identification number and any other information as necessary.

D. Questions/Comments Regarding this Program

You may contact your Investment Representative at 1-800-622-7086 to determine the current interest rate on the Deposit Accounts.

The material in this document is intended for informational purposes. If there is any conflict between the descriptions in this document and the terms of your account agreement, this Disclosure Document will control.

VIII. FDIC/SIPC Coverage¹

A. Deposit Insurance

The Deposit Accounts are eligible for insurance by the FDIC, an independent agency of the U.S. government, up to a maximum amount of \$250,000 (including principal and accrued interest) when aggregated with all other deposits, including other bank accounts, CDs and deposits held through other brokers, held by you in the same insurable capacity at a Bank (e.g., corporate, individual, joint, etc.) and \$250,000 for certain individual retirement accounts, in each case such FDIC insurance may be insured for such greater or lesser amount as may be approved by the FDIC from time to time. Your funds become eligible for deposit insurance immediately when a Bank accepts your deposits into Deposit Accounts. To the extent that your deposits at a Program Bank in one ownership capacity, either through the Program or otherwise, including other bank accounts, CDs and deposits held through other brokers, exceed the FDIC insurance limits applicable to that ownership capacity, deposits in excess of the limits will not be insured.

In the event the Program Bank fails, the Deposit Accounts at the Program Bank are insured up to the \$250,000 or such other

¹The information contained in this section regarding FDIC deposit insurance and the applicable limits are subject to the limitations described throughout this document and as specifically noted in the section entitled “Program Limitations” under Section II. B. “How the Program Works” of this document.

applicable limit, as applicable, for principal and interest accrued on the day the Bank is closed. Neither your Broker/Dealer nor NFS is responsible for any insured or uninsured portion of a Deposit Account. You are responsible for monitoring the total amount of deposits that you have with the Program Bank in order to determine the extent of deposit insurance coverage available to you. Depending on the amount of deposits that you have at the Program Bank apart from the Deposit Accounts, you may wish to contact your investment representative to discuss other options.

Under certain circumstances, if you become the owner of deposits at the Bank because another depositor dies, beginning six months after the death of the depositor the FDIC will aggregate those deposits for purposes of the \$250,000 limit or such other applicable limit, as applicable, with any other deposits that you own in the same insurable capacity at the Program Bank. Subject to Program Limits, examples of accounts that may be subject to this FDIC policy include joint accounts, and certain trust accounts including transfer upon or **payable upon death accounts. The FDIC provides the six-month “grace period” to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.**

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you through NFS. There is no specific time period during which the FDIC must make insurance payments available. Furthermore, you may be required to provide certain documentation to the FDIC and NFS before insurance payments are made. For example, if you hold deposits as trustee or in other fiduciary capacities for beneficiaries, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

If your Deposit Accounts or other deposits at the Program Bank are assumed by another depository institution pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquiror until (i) the maturity date of the certificates of deposit or other time deposits which were assumed, or (ii) with respect to deposits which are not time deposits, the expiration of a six month period from the date of the acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits, including other bank accounts, CDs and deposits held through other brokers, with the acquiror held in the same capacity for purposes of federal deposit insurance. Any deposit opened at the acquiror after the acquisition will be aggregated with deposits established with the acquiror for purposes of federal deposit insurance.

B. Information on Deposit Insurance for Specific Types of Accounts

Individual Customer and Agency Accounts. Funds owned by an individual and held in an account in the name of the individual or an agent or nominee of such individual (such as the Deposit Accounts held through NFS) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate. Please refer to the “Program Limitations” section within Section II.B “How the Program Works” for Program specific limitations.

Custodial Accounts. Funds in accounts held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same insurable capacity and are insured up to \$250,000 in the aggregate. Please refer to the “Program Limitations” section within Section II.B “How the Program Works” for Program specific limitations.

Joint Accounts. An individual’s interest in funds in all qualified accounts held under any form of joint ownership valid under applicable state law may be insured up to \$250,000 in the aggregate, separately and in addition to the \$250,000 allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a “Joint Account”). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$500,000 (\$250,000 for each person), subject to aggregation with each owner’s interests in other Joint Accounts at the same depository institution. Joint Accounts will be “qualified” and insured separately from individually owned accounts only if each of the co-owners (1) is an individual person, (2) has a right of withdrawal on the same basis as the other co-owners, and (3) has signed the deposit account signature card, unless the account is a CD or is established by an agent, nominee, guardian, custodian, executor or conservator. Nonqualified joint accounts are not insured separately and are added to individual accounts for the purposes of the individual maximum coverage of \$250,000 in the aggregate at the Bank. Please refer to the “Program Limitations” section within Section II.B “How the Program Works” for Program specific limitations.

Irrevocable Trust Accounts. Funds in an account established pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$250,000 for the interest of each beneficiary provided that (1) the trust is valid under

applicable state law, (2) the Program Bank's records disclose the existence of the trust relationship, (3) the beneficiaries and their interests are identifiable from the bank's or the trustee's records, and (4) each beneficiary's interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). The deposit insurance of each beneficiary's interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at a depository institution created by the same grantor will be aggregated and insured up to \$250,000. Please refer to the "Program Limitations" section within Section II.B "How the Program Works" for Program specific limitations.

Revocable Trust Accounts. Revocable trusts include informal revocable trust accounts where the owner has designated the names of beneficiaries to whom the funds in the account will pass upon the owner's death (referred to as transfer upon or payable on death accounts) and formal revocable trusts usually established for estate planning purposes (referred to as living or family trusts). Revocable trusts will be insured as to each named beneficiary separately from another account of the owner or the beneficiary provided (i) the beneficiaries are natural persons or qualifying charitable/non-profit entities, (ii) the existence of the trust is disclosed in the bank's records, and (iii) the bank's account records disclose the names of all trust beneficiaries. For each trust owner with combined revocable trust account deposits of \$1.25 million or less at the Bank the maximum coverage will be determined by multiplying the number of different beneficiaries by \$250,000. If an owner has in excess of combined revocable trust account deposits of \$1,250,000 at the Bank and has named more than five beneficiaries there is a limitation on the maximum coverage. Please refer to the "Program Limitations" section within Section II.B "How the Program Works" for Program specific limitations.

Deposit Insurance: Retirement Plans and Accounts

Individual Retirement Accounts. Individual retirement accounts as described in the Internal Revenue Code Sections 408(a) and 408A are insured up to \$250,000 per depositor. Please refer to the "Program Limitations" section within Section II.B "How the Program Works" for Program specific limitations.

Corporate Accounts (in the Business Program). Funds owned by a corporation and held in an account in the name of the corporation or an agent or nominee of such individual (such as the Deposit Accounts held through NFS) are not treated as owned by the agent or nominee, but are added to other

deposits of such corporation held in the same capacity and are insured up to \$250,000 in the aggregate. Please refer to the “Maximum Deposit Amount” and “Program Limitations” sections within Section II.B “How the Program Works” for Program specific limitations.

C. Questions about FDIC Deposit Insurance Coverage

If you have questions about basic FDIC insurance coverage, please contact your Investment Representative. You may wish to seek advice from your own attorney or tax advisor concerning FDIC insurance coverage of deposits held in more than one capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach, Division of Supervision and Consumer Protection, by letter (550 17th Street, N.W., Washington, D.C. 20429), by phone (877-275-3342, 800-925-4618 (TDD)), or by visiting the FDIC website at www.fdic.gov/deposit/index.html, or by e-mail using the FDIC’s On-line Customer Assistance Form available on its website.

D. SIPC Coverage

Your cash balance awaiting reinvestment is only eligible for FDIC insurance once it becomes a Program Deposit held by the Program Bank. Your cash balance while held by NFS and/or your Broker/Dealer is not FDIC insured, but is covered by SIPC. This includes amounts in the cash balances placed in your Brokerage Account that have not yet been received by the Program Bank or which have been swept from the Program Bank back to your Brokerage Account. SIPC currently protects these funds and securities up to \$500,000, including \$250,000 for claims for cash. SIPC coverage does not cover fluctuations in the market value of your investments. Any securities held in your Brokerage Account (as opposed to the Program Deposit held by the Program Bank) are investment products, and as such: (i) are not insured by the FDIC; (ii) carry no bank or government guarantees; and (iii) are subject to investment risk, including loss of principal amount invested.

If, due to Program limitations, your cash balance is placed into a core account investment vehicle other than the Program, your cash deposits will not be eligible for FDIC insurance, but may be protected by SIPC in accordance with applicable legal requirements and limitations.

SIPC is a non-profit membership corporation created by the Securities Investor Protection Act of 1970, funded primarily by its member securities brokerage firms registered with the U.S. Securities and Exchange Commission. SIPC provides protection against custodial risk to clients of securities brokerage firms, like NFS, in the event such firms become

insolvent. Unlike FDIC insurance, SIPC does not insure against the loss of your investment. Nor does SIPC protection insure the quality of investments or protect against a decline or fluctuations in the value of your investment. SIPC protects each client's securities and cash held in a client's Brokerage Account at an insolvent brokerage firm. SIPC protects against the loss of customer securities and cash up to a total of \$500,000 (of which up to \$250,000 may be cash) per customer in each separate capacity under SIPC rules. Money Fund Shares are considered to be securities for purposes of SIPC coverage. **The Deposit Accounts are not eligible for SIPC coverage.**

If you have questions about SIPC coverage and additional SIPC-like coverage, please contact your Investment Representative. You may also obtain information about SIPC coverage, including a brochure that describes SIPC and SIPC insurance, by accessing the SIPC website at www.sipc.org.

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